

STATE OF INDIANA



INDIANA UTILITY REGULATORY COMMISSION
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FILED

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INDIANA UTILITY
REGULATORY COMMISSION
CAUSE NO. 41657

**IN THE MATTER OF THE PETITION OF INDIANA)
BELL TELEPHONE COMPANY, INCORPORATED,)
D/B/A AMERITECH INDIANA PURSUANT TO)
I.C. 8-1-2-61 FOR A THREE-PHASE PROCESS FOR)
COMMISSION REVIEW OF VARIOUS)
SUBMISSIONS OF AMERITECH INDIANA TO)
SHOW COMPLIANCE WITH SECTION 271(C) OF)
THE TELECOMMUNICATIONS ACT OF 1996)**

You are hereby notified that on this date, the Indiana Utility Regulatory Commission has caused the following entry to be made:

On February 3, 2005 SBC Indiana filed its *Motion for Approval of Auditor* ("Motion") requesting that the Commission approve the selection of Ernst & Young ("E & Y") as the independent third party auditor to complete the regional audit required by the SBC Indiana Section 271 Remedy Plan, which the Commission approved in its report to the FCC dated August 6, 2003.

On February 7, 2005, MCI, Inc., f/k/a WorldCom, Inc. ("MCI") filed its *Response to SBC Indiana's Motion for Approval of Auditor*. On February 14, 2004, SBC Indiana filed its *Reply to MCI's Response to SBC Indiana's Motion for Approval of Auditor*.

The presiding officers, being sufficiently advised in the premises, now find that Ernst & Young ("E & Y") should be approved as the auditor. However, Paragraph 6.6 of the SBC Indiana Section 271 Remedy Plan clearly contemplates that this Commission and the CLECs will have input into the design and schedule of the audit.

Paragraph 6.6 states as follows:

Ameritech [SBC Indiana] agrees to periodic, regional (five-state) audit of the performance measurement data collection, retention, transformation, result and remedy calculation, and result publication processes and systems. The first regional audit shall commence the later of eighteen months after this plan becomes effective or eighteen months after completion of the performance measurement audit of the OSS Third Party Test conducted by KPMG under Cause No. 41657. Subsequent to that initial audit, additional periodic audits will be scheduled as deemed necessary by the Commission. CLECs and the Commission will have input into the design and schedule of the audit. An

independent, third party auditor chosen by Ameritech [SBC Indiana] and approved by the Commission will conduct these audits at Ameritech's [SBC Indiana's] expense.

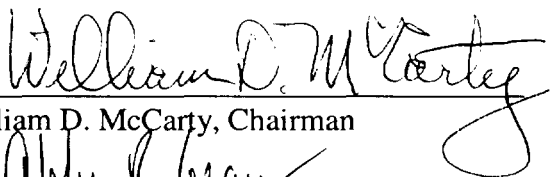
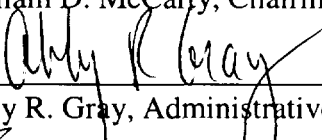
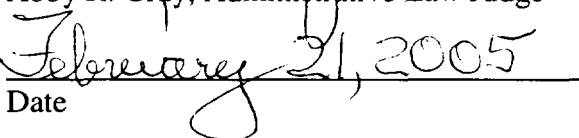
Reading the language as a whole demonstrates that there is contemplated a process that has not yet taken place. Input by the Commission and CLECs means more than merely rubberstamping SBC's proposal. The same interpretation must also be given to the language contemplating approval of the auditor by this Commission. If nothing more than automatic approval is contemplated, then the paragraph is rendered meaningless.

In response to MCI's objections, SBC states that "MCI fails to recognize that the remedy plan requires SBC to solicit input from the CLECs and the Commission, and SBC has stated that a collaborative will be held for that purpose." SBC further states that "[d]uring the collaborative, suggestions will be considered in the context of the audit obligations defined in the remedy plan." Therefore, in order to encourage meaningful discussions to take place at the collaborative, we defer approval of the scope of the audit.

Further, there may be some unresolved issues from the BearingPoint PM Audit that need to be addressed in this audit. SBC agreed that this audit "can address any concerns that may arise, including any concerns CLECs or the Commission may have".¹ Therefore, parties are hereby notified that certain remaining items may be discussed in the collaborative workshops and/or addressed in a future docket entry or order and may also be referred to the pending SBC Midwest PM audit. This is consistent with the Commission's November 10, 2003 (Page 8), and January 29, 2004 (Page 2), docket entries in this Cause.

For the reasons stated herein, we approve E & Y as the auditor, but defer a decision on the scope and procedures of the audit until after the collaborative workshop and a final PM audit scope is submitted in this Cause for approval. We also defer any decision(s) we might ultimately reach on appropriate reporting requirements and on appropriate communications process(es) between SBC or E & Y and the Commission or its Staff.

IT IS SO ORDERED.


William D. McCarty, Chairman

Abby R. Gray, Administrative Law Judge

Date

¹ Cause No. 41657, Joint Affidavit of James D. Ehr and Salvatore T. Fioretti Regarding the BearingPoint Performance Metrics Review Test on Behalf of SBC Indiana, ¶121 (December 9, 2003). See, also, ¶¶117, 119.